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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/785,415	02/25/2004	Clayton A. Davis	5997.0036	8364
22852	7590	07/20/2010		
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER LLP 901 NEW YORK AVENUE, NW WASHINGTON, DC 20001-4413			EXAMINER VEZERIS, JAMES A	
			ART UNIT	PAPER NUMBER
			3693	
			MAIL DATE	DELIVERY MODE
			07/20/2010	PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

### Office Action Summary

**Application No.**

10/785,415

**Applicant(s)**

DAVIS, CLAYTON A.

**Examiner**

JAMES A. VEZERIS

**Art Unit**

3693

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 19 May 2010.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1, 5, 10, 11, 13-21 and 23 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1, 5, 10, 11, 13-21 and 23 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB06)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

### **Detailed Action**

#### **Pre-Exam Formalities**

1. Claims 1, 5, 10, 21, and 23 are amended.
2. Claims 2-4, 6-9, and 22 are withdrawn.
3. Claim 12 is cancelled.
4. Claims 1, 5, 10, 11, 13-21, and 23 are pending.

#### **Response to Applicant's Arguments**

5. Applicant's arguments, see pages 15-16, filed 5/19/2010, with respect to claims 1, 5, 10, 21, and 23, being rejected under 35 U.S.C. 112 2<sup>nd</sup> Paragraph, have been fully considered and are persuasive. The rejection of claims 1, 5, 10, 21, and 23 has been withdrawn.

6. Applicant's arguments, see pages 16-20, filed 5/19/2010, with respect to the rejection(s) of claim(s) 1, 5, 10, 11, 13-21, and 23 under 35 U.S.C. 103(a) have been fully considered and are persuasive. Therefore, the rejection has been withdrawn. However, upon further consideration, a new ground(s) of rejection is made in view of "The Role of Insurance in Asset-Backed Securities" by Kotecha (Hereinafter "Kotecha") in view of US PG-Pub 2002/0156719 (Hereinafter "Finebaum") in further view of "Mining and the Vanishing Surety Bond Market" by Kirschner and Grandy. (Hereinafter "Kirschner") in further view of "MBS Structring: Concepts and Techniques" by Gangwani. (Hereinafter "Gangwani").

**Claim Rejections- 35 U.S.C. 112 6<sup>th</sup> Paragraph**

7. The claim limitations “means for receiving an indication/means for establishing/means for establishing/means for issuing/means for paying” in claim 5, uses the phrase “means for” or “step for”, but it is modified by some structure, material, or acts recited in the claim. It is unclear whether the recited structure, material, or acts are sufficient for performing the claimed function which would preclude application of 35 U.S.C. 112, sixth paragraph, because the hardware is already listed.

If applicant wishes to have the claim limitation treated under 35 U.S.C. 112, sixth paragraph, applicant is required to amend the claim so that the phrase “means for” or “step for” is clearly **not** modified by sufficient structure, material, or acts for performing the claimed function.

If applicant **does not** wish to have the claim limitation treated under 35 U.S.C. 112, sixth paragraph, applicant is required to amend the claim so that it will clearly not be a means (or step) plus function limitation (e.g., deleting the phrase “means for” or “step for”).

Examiner notes that it appears the specification does not include enough support for a means plus claim given no algorithms have been found by the Examiner.

**Claim Rejections- 35 U.S.C. 112 2<sup>nd</sup> paragraph**

8. Claims 1, 5, 10, 11, 13-21, and 23 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.
9. In regard to claims 1, 5, 10, 21, and 23 examiner notes the senior class includes a guarantee feature, wherein the senior class securities receive payment once a guarantee claim is made, however it remains unclear who covers the guarantee claim. Examiner believes that the trust will guarantee the senior class payment and potentially use the junior class as collateral. This still leaves the question of how the trust, if indeed they are the ones covering the guarantee will seek reimbursement. These missing elements need to be filled in for the claim to be functional. Examiner appreciates applicant's cooperation, and if applicant believes Examiner is misreading the claim language Examiner encourages applicant to contact him.
10. In regard to claim 14, it is unclear how the senior class fails to satisfy a guarantee claim. From the independent claim the guarantee claim is, for lack of better phrasing, guaranteed. Examiner request applicant clarifies 1. Why the senior class is in charge of fulfilling the guarantee as in the independent claim it appears the trust is; and 2. How the guarantee claim can actually not be guaranteed.

**Claim Rejections- 35 U.S.C. 103(a)**

11. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the

invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

12. Claims 1, 5, 10, 12-21, and 23 rejected under 35 U.S.C. 103(a) as being unpatentable over "The Role of Insurance in Asset-Backed Securities" by Kotecha (Hereinafter "Kotecha") in view of US PG-Pub 2002/0156719 (Hereinafter "Finebaum") in further view of "Mining and the Vanishing Surety Bond Market" by Kirschner and Grandy. (Hereinafter "Kirschner") in further view of "MBS Structring: Concepts and Techniques" by Gangwani. (Hereinafter "Gangwani")

**Regarding Claims 1, 5, 10, 21, and 23.**

**Kotecha teaches:**

based on the single trust, establishing, a senior class of securities, such that the senior class of securities includes a guarantee feature, the guarantee feature indicating that a guarantee payment must be made to a holder of the senior class of securities on a guarantee claim (See Kotecha: "Financial guarantee insurance defined" and "Senior subordination")

based on the single trust, establishing, at the processor, a junior class of securities, such that the junior class of securities serves as collateral; (See Kotecha: "Senior subordination")

issuing the senior class of securities and the junior class of securities, such that the junior and senior classes of securities are backed by the assets of the single trust; (See Kotecha: "Financial guarantee insurance defined" and "Senior subordination")

making the guarantee payment to the holder of the senior class of securities after receiving the guarantee claim; (See Kotecha: "Financial guarantee insurance defined")

**Kotecha fails to further teach:**

receiving an indication, at a processor from a database, that tax-exempt bonds are in a single trust;

reimbursement sought after satisfying the guarantee claim;

paying excess income to holders of the junior class of securities until the guarantee claim is made;

receiving a guarantee claim and, in response to the guarantee claim, stopping payment of the excess income to the holders of the junior class of securities;

seeking, by the single trust, reimbursement for the guarantee payment.

**Finebaum teaches:**

receiving an indication, at a processor from a database, that tax-exempt bonds are in a single trust; (See Finebaum Paragraph 364)

**Kirschner teaches:**

reimbursement sought after satisfying the guarantee claim; (See Kirschner Page 154 first paragraph)

seeking, by the single trust, reimbursement for the guarantee payment. (See Kirschner Page 154 first paragraph)

**Gangwani teaches:**

paying excess income to holders of the junior class of securities until the guarantee claim is made; (See Gangwani: Credit Tranching)

receiving a guarantee claim and, in response to the guarantee claim, stopping payment of the excess income to the holders of the junior class of securities; (See Gangwani: Credit Tranching)

One of ordinary skill in the art would have recognized that applying the known techniques of Finebaum, Gangwani and Kirschner would have yielded predictable results and resulted in an improved method/system. It would have been recognized that applying the technique of Finebaum to add Muni bonds to a trust, reimbursement payments from Kirschner, and guaranteeing a payment to the senior class, to the teachings of Kotechka would have yielded predictable results because the level of ordinary skill in the art demonstrated by the references applied shows the ability to incorporate such functions in a similar way. Further, applying the above mentioned functions taughts by Gangwani, Kirschner, and Finebaum with Kotechka, would have been recognized by those of ordinary skill in the art as resulting in an improved system that would allow more for a more comprehensive method/system allowing for a tax free offering with known credit enhancement techniques.

**Regarding Claim 13.**

Kotechka further teaches establishing the senior class, such that the senior class includes a liquidity feature. (See Kotechka: Cash Collateral Accounts)

**Regarding Claim 14.**

Kotechka further teaches establishing the junior class to serve as collateral for the senior class failing to satisfy the guarantee feature. (See Kotechka: "Financial guarantee



insurance defined" and "Senior subordination")

**Regarding Claim 15.**

Kotecha further teaches selling the senior class of securities. (See Kotecha: "Senior Subordination")

**Regarding Claim 16.**

Kotecha fails to further teach holding, in the single trust, a plurality of tax-exempt bonds.

Finebaum teaches holding, in the single fund, a plurality of tax-exempt bonds. (See Finebaum Paragraph 364)

It is obvious for one skilled in the art at the time of the invention to combine Kotecha and Finebaum, to create a single trust, comprised of a plurality of tax-exempt bonds. There is motivation to do so because profit is enhanced by using known ABS techniques on tax free bonds.

**Regarding Claim 17.**

Kotecha fails to further teach holding, in the single trust, interest in a plurality of tax-exempt bonds.

Finebaum teaches holding, in the single trust, interest in a plurality of tax-exempt bonds. (See Finebaum Paragraph 364)

It is obvious for one skilled in the art at the time of the invention to combine Kotecha and Finebaum, to create interest in a single trust, comprised of a plurality of tax-exempt bonds. There is motivation to do so because profit is enhanced by using known ABS techniques on tax free bonds.

**Regarding Claim 18.**

Kotecha fails to further teach holding, in the single trust, a plurality of municipal bonds.

Finebaum teaches holding, in the single fund, a plurality of municipal bonds. (See Finebaum Paragraph 364)

It is obvious for one skilled in the art at the time of the invention to combine Kotecha and Finebaum, to create interest in a single trust, comprised of a plurality of tax-exempt bonds. There is motivation to do so because profit is enhanced by using known ABS techniques on tax free bonds.

**Regarding Claim 19.**

Kotecha further teaches:

holding, in the single trust, a plurality of taxable bonds. (See Kotecha: Cash Collateral Accounts)

**Regarding Claim 20.**

Kotecha further teaches establishing the senior class of securities comprises:  
establishing the senior class by establishing a first percentage representative of securities that serve as the senior class and a second percentage representative of securities that serve as the junior class. (See Kotecha: Senior Subordination) Examiner notes that the splitting of the assets into two parts inherently means a percentage)

13. Claim 11 is rejected under 35 U.S.C. 103(a) as being unpatentable over Kotecha in view of Finebaum in further view of Kirschner in further view of Gangami in further view of Official Notice.

**Regarding Claim 11.**

Kotecha fails to further teach using, as the single trust, a virtual trust.

However, Official Notice is taken that at the time of the invention virtual accounts were old and well known.

It would be obvious to combine Kotecha in view of Official Notice.

There is motivation to do so because it allows Kotecha to function on a computer, where the account can be accessed anywhere as was easily performed at the time of the invention.

### **Conclusion**

Any inquiry concerning this communication or earlier communications from the examiner should be directed to JAMES A. VEZERIS whose telephone number is (571)270-1580. The examiner can normally be reached on Monday- Friday 8:30am-5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/James A. Kramer/  
Supervisory Patent Examiner, Art Unit 3693

/JAMES A VEZERIS/  
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7/13/2010